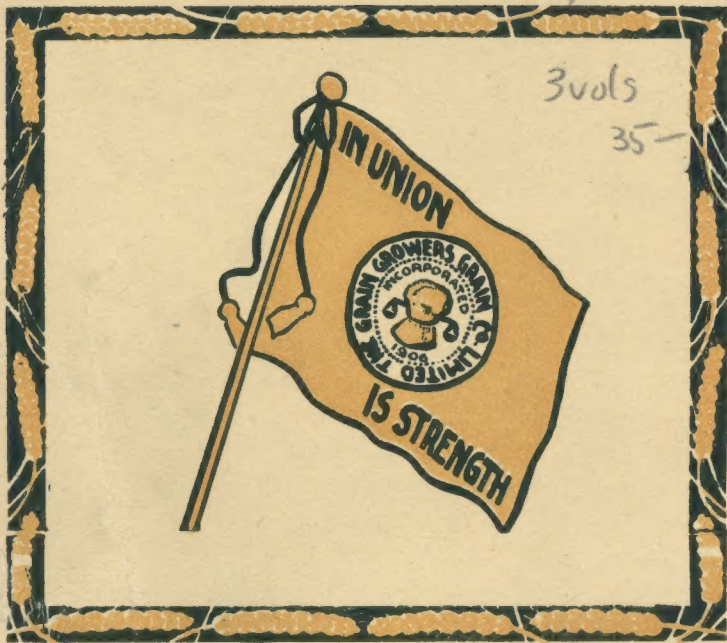




ANNUAL REPORT

1915

THE GRAIN GROWERS' GRAIN CO. LIMITED
WINNIPEG MANITOBA

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The Grain Growers' Grain
Company Limited
Winnipeg

Annual Report

For the Twelve Months
ending the Thirty-first of
August, Nineteen-
Fifteen



*Shareholders should keep intact the Annual Reports
They will thus have a continuous record
of the Company's history*

Comparative Statement

Opened Business		June 30, '06	June 30, '07	June 30, '08	June 30, '09	June 30, '10	June 30, '11
Sept 1, '06							
Shares Allotted	1,000	1,853	2,932	7,558	14,131	24,602	
Capital Subscribed ..	\$25,000	\$46,325	\$73,300	\$188,950	\$353,275	\$615,050	
Capital Paid-up ..	\$ 5,000	\$11,795	\$20,385	\$120,708	\$292,957	\$492,062	
Grain Receipts (Bus.) ..		2,340,000	4,990,541	7,643,146	16,332,645	18,845,305	
Profits ..		\$790	\$30,190	\$52,902	\$95,663	\$69,575.46	

June 30, '12		*Aug. 31, '13	Aug. 31, '14	Aug. 31, '15			
Shares Allotted	27,321	32,500	42,477	47,976			
Capital Subscribed ..	\$653,000	\$858,930	\$1,061,925	\$1,199,400			
Capital Paid-up ..	\$586,472	\$645,380	\$711,409.35	\$867,422			
Grain Receipts (Bus.) ..	27,775,000	29,675,000	29,920,225	18,821,402			
Profits ..	\$121,614	\$164,332.57	\$151,080.92	\$226,963.08			

TOTAL FARMERS' GRAIN HANDLED SINCE SEPT. 1, 1906 - - - 156,642,904 BUSHELS

*14 months in this year.

Board of Directors



F. J. Collyer	E. J. Frearn	F. M. Gates	J. F. Reid	R. McKenzie
John Morrison	John Kennedy	T. A. Cretar	Wm. Moffat	

The Grain Growers' Grain Co. Ltd.

HEAD OFFICE
WINNIPEG, MANITOBA

BRANCH OFFICES AT
CALGARY, ALTA.: REGINA, SASK.: AND
FT WILLIAM, ONT

CAPITAL AUTHORIZED.	\$2,000,000 00
CAPITAL SUBSCRIBED	\$1,199,400.00
CAPITAL PAID UP, AUG. 31, '15 . .	\$ 867,422 00
RESERVE FUND, AUGUST 31, '15...\$	340,000.00

Board of Directors

1915 - 1916

T A. CRERAR	RUSSEL, MAN.
JOHN KENNEDY	SWAN RIVER, MAN.
R. MCKENZIE.	WINNIPEG, MAN.
WM. MOFFAT.	SOURIS, MAN.
F. M. GATES	FILLMORE, SASK.
JOHN MORRISON	YELLOW GRASS, SASK.
F. J. COLLYER.	WELWYN, SASK.
JOHN F. REID	ORCADIA, SASK.
E. J. FREAM	CALGARY, ALTA.

To our
Shareholders

November 12, 1915.

Gentlemen:—

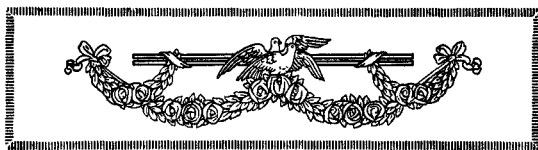
We take pleasure in presenting to you the Ninth Annual Report of the business of the Company for the year ending August 31, 1915. In it you will find the President's address, the Auditors' Report, and the comments of the Shareholders' Auditor upon the same. We would ask you to read it carefully. The success of the Company depends upon the intelligent interest of its Shareholders.

We suggest to you that you preserve the Annual Reports of the Company. As years pass you will in this way have a continuous record of its progress.

Yours truly,

*Board of Directors,
The Grain Growers' Grain
Co. Ltd.*

Winnipeg, Canada



Ninth *Annual Report*

PRESIDENT'S ADDRESS

The following is the Report presented to the Annual Meeting of the Shareholders of The Grain Growers' Grain Company Limited, held at Winnipeg on November 11 and 12, 1915, by the President, T. A. Crerar :

In presenting this, the Ninth Annual Report of the Directors to the Shareholders, it is proposed to deal as clearly as possible with the important features of the Company's business for the past year, and also to frankly bring to your attention some conditions relating to the development and growth of the Company's business for the future.

The year which we closed on the 31st August last has been in almost all respects the most successful in the Company's history. Considerable extension had taken place in some of the departments of the business which had only been in operation a short time previous to our last Annual Meeting. This will be more fully dealt with a little later. This report, I might add, has been submitted to and has the approval of the Board of Directors, and consequently can be regarded as their report of the year's business.

Manitoba Country Elevators

It was stated at the last Annual Meeting that the Company had again arranged with the Manitoba Government to operate the Government Elevators of Manitoba for the year ending 31st August last. During this period, owing to the reduced crop yield, we had a reduction of several million bushels in the volume of grain handled through these houses. This reduction in volume of business had to be met, as far as possible, by a corresponding reduction in expenses. Upon some items such as rent no saving could be made, as this expense is not affected by the volume of grain handled. In other directions, in operating and in office expenses, we were able to effect a saving, particularly in the matter of buyers' salaries and expenses.

The profit for the year in this department is \$7,390.95 as against \$4,317.29 for the previous year. This is a better result financially than we at one time expected. Our elevators in Manitoba are operated against a much keener competition than exists in the neighboring provinces. This arises particularly from the Milling Companies, who, in a season with a crop yield below the average, such as we had last year, are particularly keen buyers of grain. Since a large portion of the grain they buy through their country elevators is ground into flour at their mills, they are in a position very frequently to offer a better grade to the farmer delivering grain at his local point than he can get if he ships it himself and sells on the Winnipeg Inspection. The reason for this is that very often there is but a very slight difference between the milling value of say Number One and Number Two Northern Wheat. If we buy upon the same basis we take the chance of getting the lower inspection at Winnipeg, and consequently have to sell at a lower price. In the matter of dockage on grain also the Milling Companies have an advantage, as they have facilities for utilizing all the screenings coming out of grain to get the most profitable results and consequently frequently can

allow a lighter dockage to the farmer delivering his grain at their elevators than their competitors can give.

While your Directors recognize that the competition in this business in Manitoba is keen, they think it is advisable for the Company to continue to operate these elevators, because when combined with the other Farmers' Companies in Saskatchewan and Alberta, it increases the amount of elevator storage controlled by the farmers and to that extent increases their power as a factor in the grain trade of the country.

Experience has beyond doubt proven that the man who operates the elevator is, from the point of view of success or failure, the most important link in the chain. Our aim therefore is to secure good men and give them a permanent place in the life of the community where they work. This can only be done by making them permanent employees of the Company and paying them a remuneration that will secure and hold the right class of men. If we should secure a permanent control of these elevators we may find it desirable to centre round the local point the handling of other commodities that would increase the revenue of the point and reduce the overhead expense chargeable against grain. This has been done quite successfully with flour at several points and it may be that it will be found desirable to include some other lines of goods also.

The total cost of running these elevators for the past year, including rent, repairs, all expenses of operating, also administration expenses in the office, exclusive of interest on the money employed in this department and including the depreciation on the nine country elevators the Company now owns, amounted to \$242,457.81.

Terminal Elevators

The results in this department of the business have been satisfactory on the year's operations. While we handled in the large terminal elevator, which we have leased

from the Canadian Pacific Railway, only about 11 million bushels as against 16½ million bushels for the previous year, the results in the way of profit have been slightly better. This has been brought about partially by economy in operation and partially from increased revenue from storage earned.

In respect to Elevator "H," which as you will recall was purchased by the Company a few years ago in Fort William, the results have also been very satisfactory. You will recall that a year ago the operation of this elevator, after charging up interest, taxes and depreciation, showed a considerable loss which was met out of the revenue of last year. For the year just closed, after charging up the same items against operation and after charging up interest on the total amount invested in the enterprise, there was a profit remaining of over \$7,700, and in the year that we are entering upon we hope to have equally or even more satisfactory results.

Some criticism has been directed against the Board for the purchase of this elevator, and while I have no hesitation in saying that it could be more suitably located in the way of having additional trackage facilities, it is nevertheless satisfactory to know that it has turned out profitably and with proper management we believe it will continue so.

There are now quite a number of similar elevators known as mixing and sacking elevators, in operation at Fort William and Port Arthur, and your Directors think it is desirable that the Company should be engaged in the business carried on by these houses.

I would draw the attention of the shareholders to the fact that the fixed charges against these elevators amount to a very considerable sum. Rent alone, for instance, on the elevator we have leased from the Canadian Pacific Railway amounts to over \$70,000 a year, and this with taxes, power and repairs that have to be annually taken care of, bring the fixed charges on this elevator alone to almost \$90,000 a year.

It may be of interest to our shareholders to know that the total expenses of all kinds, including the items I have just mentioned, on this one elevator amount to \$183,437.59 for the past year; and on Elevator "H" the total expenses of operating, including fixed charges and interest on investment, amount to \$42,354.

For the year the expenses in operation and administration of all our elevators, interior and terminal, amounts to \$468,249.40. Of this about \$168,000 is of the nature of fixed charges. These, let me point out again, do not vary no matter what the volume of the business handled may be.

Co-operative and Machinery Department

This department, as you are aware, has charge of supplying in carload lots and in many cases in less than carload lots such commodities as Coal, Apples, Lumber, Fence Posts and Machinery of various kinds, to our shareholders and other farmers who may wish to avail themselves of it. The term "Co-operative" is perhaps not the most descriptive term we could get to describe the work done in this department. However, the term is generally understood by all our shareholders and patrons.

The work of this department comes under two heads:—

1—That relating to general supplies of all kinds, excepting machinery. 2—Machinery.

Before giving further details of this, it is necessary to refer to an agreement the Directors of the Company made with the Saskatchewan Grain Growers' Association last March. Our shareholders who have followed the trend of development of the Farmers' Organizations of Western Canada are aware that the Saskatchewan Grain Growers' Association within the last two years has increased the scope of its work. In addition to the

propaganda work which had been its chief concern, it has become incorporated with powers that permit its Directors to engage in practically all classes of trade, and in the last year they have been paying a great deal of attention to this part of their work, namely, the supplying of commodities in carload and less than carload lots to their various local Associations, and more particularly to Agricultural Co-operative Associations organized within the past year under the legislation passed by the Saskatchewan Government authorizing the formation of such co-operative organizations. It was thought by some of the leaders in the Saskatchewan Association that all trading and business done with these local organizations should be left in the hands of the Central Saskatchewan Association. It was very clearly impossible for The Grain Growers' Grain Company to withdraw its activities in this direction from the Province of Saskatchewan since the Company has almost 7,000 shareholders in that Province. There was thus a serious danger of a conflict in interest arising between the Company and the Association, and to prevent this as far as possible, after considerable discussion an arrangement covering the present calendar year was reached between the Directors of the Company and the Executive of the Grain Growers' Association, whereby this work would be carried on jointly. I mention this because in the figures I am about to give you, indicating the volume of business done in this department, it must be borne in mind that included in them is the business done through and with the Saskatchewan Grain Growers' Association. It is proper to state here that we also did a considerable business in these goods through the Alberta Farmers' Co-operative Elevator Company, although we had no formal agreement with them.

Coming now to deal more particularly with the work of this department of the Company's business, it is gratifying to be able to say that it has shown a very satisfactory growth. The total volume of business done

up to the end of August, 1914, exclusive of machinery, totalled about \$580,000. For the year ending August 31st, 1915, exclusive of machinery, the total volume of sales amounted to over \$1,062,000, or an increase of slightly over 84 per cent. This was made up as follows:—

Flour	\$ 54,309.53
Woven Wire	52,290.88
Lumber	121,485.03
Posts	15,165.34
Builders' Supplies	13,714.68
Coal	60,067.49
Oil	477.85
Apples	39,227.40
Barbed Wire	49,038.36
Twine	648,905.47
Miscellaneous Produce and Supplies	7,711.45
	\$1,062,393.48

Under the item of Builders' Supplies was included:—
Cement, Plaster, Sash and Doors, Builders' Hardware, Paper and such articles.

And under the item of Miscellaneous Produce and Supplies is included:—

Galvanized Sheet Metal Goods, such as roofing, shingles and siding, ventilators, well curbing, culverts, shipping drums for oil, etc.

Of these articles the largest item is binder twine, the total amount handled for the past season amounting to 6,750,000 lbs. as against 2,395,000 lbs. for the year previous. It is not too much to claim as a result of the prices quoted and the sales made in this article, by ourselves and the other Associations mentioned, a marked influence was exerted upon the cost of twine all over the Prairie Provinces.

The total profits of this department, exclusive of machinery, after paying all expenses of management and operation, amount to \$21,921.09.

Coming now to the machinery part of it, the total volume of sales under this head is \$86,734.93, which is considerably lower than your Directors expected when they entered upon it. Considering everything, however, the volume can be regarded as fairly satisfactory. The expenses, however, in connection with this department have been very much heavier than were anticipated, with the result that while the gross revenue has been \$8,898.11, the expenses amounted to \$24,521.31, leaving a loss for the period of \$15,623.20. While this loss is considerable there can be no doubt that our entry upon the handling of machinery was to some extent the means of bringing about a general reduction in prices, and in this way a general benefit all over the West resulted. It will be noted that the gross percentage of profit is slightly over 10 per cent.

The overhead expenses here have been heavier than we expected. We could have handled three times the volume, with comparatively little additional expense, which would, of course, have made the total showing much different from what it is. As a result of the experience gained, economies can probably be introduced that will considerably cut down the amount of expense. At the same time the margin of profit in selling may have to be increased.

It might be of interest to you to know that a very large item of the expense arose through our handling tractors. Whether the Company can satisfactorily handle this class of implement, and whether it is advisable to do so, has yet to be determined. It will be interesting to know that the machinery handled comprises Tractors, Gas Engines, Fanning Mills, Grain Grinders, Plows, Harrows and Drills, Sleighs, Wagons, Buggies and Miscellaneous Supplies.

It is desirable here to refer to certain difficulties that have arisen in this department that have in some cases led to dissatisfaction. The aim of your Directors in entering upon this work of supplying such commodities as have been referred to, direct to our share-

holders or others, was to reduce the cost of them, by introducing an element of competition that would tend to prevent the charging of exorbitant prices by regular dealers and to give every encouragement possible toward getting more of the business of Western Canada upon a cash basis. Arrangements made with the manufacturers from whom we purchased were, as far as we could and almost altogether, such that we were not obliged to purchase outright any fixed quantity of any class of goods we were handling. The purpose of this was to avoid tying up money in stocks of goods, and as far as possible to act as Commission Agents, bringing the consumer or purchaser in the country into closer touch with the manufacturer. This plan was followed with the result that frequently we were unable to fill orders as promptly as those ordering the goods wished. It very often happened that we had to send on to the factory and have shipment made from there before an order could be filled, and this in some cases led to considerable complaint. I wish to place this matter frankly before the shareholders and invite their consideration of it. It is a matter of the greatest importance if this part of our business is to be fully developed. With the large requirements of our grain business we certainly cannot afford at the present time to tie up the necessary money to enable us to carry large stocks of goods so that immediate shipment may always be made as orders are received. If we continue in this business, and later on the method of carrying large stocks of goods is adopted, it is certain that a corresponding increase in the price of the goods will have to be made to meet the increased cost of warehousing, interest, insurance and other charges that accumulate.

It is necessary to state clearly and emphatically that the solution of this matter lies practically altogether in the hands of those who are purchasing. Taking twine as an illustration, we had this season orders coming in right up to the middle of August, and in practically every case orders that were placed

earlier in the season were in the months of June and July increased very considerably beyond the quantity they originally covered. A moment's thought will convince any reasonable person that this made it extremely difficult for us to arrange our supplies. As it was, we found ourselves last summer, owing to the exceptional demand for twine, in the position of having to very largely increase our orders to the manufacturers almost at the last moment, and while we believe they did everything in their power to meet our wishes, it was simply impossible to get the stuff to the head of the Lakes at the time it was required, and as a consequence a very considerable amount of dissatisfaction arose, vigorous kicks came in and the Company was blamed where in no sense blame attached to it. While the crop required more twine than was generally expected, the blame, if there was any, rested on those who had failed to estimate their requirements correctly and who had failed to order sufficiently far ahead.

What I have said of twine applies almost equally to other commodities. We have occasionally, for instance, had an order come in, with money attached, for lumber with a request that the lumber be delivered in a few weeks' time. What happened? After getting the order our estimator in the office had to prepare it in proper shape to send on to the Mill at the Pacific Coast, so that it might be correctly filled and with the least possibility of mistake, and thus probably eight or ten days elapsed from the time it left the farmer's hands until it reached the manufacturer at the Coast. It is not always possible to get a car at the moment, and even after shipment it usually takes from two to three weeks and often longer for a car of lumber to travel from the Coast to the interior point where it is required. In the meantime the purchaser, because he did not have his order filled as promptly as he desired, complained. If this department of the business is to be carried on, so that the lowest cost possible to the purchaser can be secured, it can only be done by farmers ordering early what they require and ordering

enough of it. If, for instance, we could have in our hands by the 1st of March orders for twine, wire and other commodities to the full amount of what was required, it would be a very easy matter to make arrangements to have orders filled much more promptly and it would unquestionably work out to still lower prices. There is no doubt that Implement Companies, Twine Dealers and other merchants engaging in this class of business have been compelled in the past to raise their prices in order to protect themselves against the possibility of having to carry large stocks over until another year, and it is equally certain that we will have to do the same thing if we are going to remain in the business and have it conducted in this way. The solution of the difficulty lies in purchasers ordering early and up to the full amount of their requirements. It is better to have a little of the goods left over than to be short in the quantity required.

A clearer understanding upon this matter should be easily brought about, and if those desiring to use this department will co-operate by placing their orders as far ahead of their actual requirements as possible, and for the full amount of them, there is no doubt that it can be built up to be of very great service to our shareholders and others who wish to use it. In nearly all cases we have found that manufacturers appreciate our business and are willing to deal with us. Any reduction in cost that can be effected in the process of distribution from manufacturer to consumer is a benefit to the whole community. It should be borne in mind that in this respect we are simply endeavoring to apply the same idea to the purchase of supplies necessary to the carrying on of the work of agriculture, that has been applied in the sale of some of the produce of agriculture, and no intelligent person will deny that the need in the one direction is just as great as it is in the other.

Grain Growers' B.C. Agency

Reference has been made in our last two Annual Reports to the business of the Grain Growers' B.C. Agency, located at New Westminster. You will recall that we made an investment of about \$20,000 in this business with a view of developing a connection on the Pacific Coast, so that if business later developed in that direction we would be in on the ground floor, prepared to handle our share of it. No part of Canada has suffered more in the general business depression of the last two years than the Pacific Coast. The result has been that the Grain Growers' B.C. Agency has gone behind a little over ten thousand dollars for the past two years. In the management of this business every care had to be taken to avoid the risk of getting bad and doubtful accounts on the books, and while the business we have done has been clean in the sense that very little loss through bad accounts has been sustained, nevertheless through insufficient volume it has been unable to meet expenses.

The Directors have in view some plans for re-organization of this business which they think would place it upon a permanent and profitable basis. If these plans cannot be carried out, we may have to consider the possibility of closing it out, even if it involves some loss to the Company.

Public Press and Grain Growers' Guide

Since the Company was instrumental in establishing the "Public Press" printing plant and also The Grain Growers' Guide, and also since we have a considerable investment there, it should be of interest to the shareholders to have some information concerning them.

The business of this institution falls under two heads:—

1—That of the Job Printing Business

2—That of the Publication side, or more correctly speaking, The Grain Growers' Guide.

In combining the results of the two departments, the business operations for the year ending 31st May last showed, after allowing for full depreciation upon the large plant, a loss of between \$6,000 and \$7,000.

The heavy item of expense here, of course, is in the publication of The Guide. It has been pointed out in the past in Annual Addresses to the shareholders the uphill struggle it had to get upon a paying basis, and at the risk of being guilty of repetition, I desire again to refer to this matter. You will all agree that there is no more outspoken champion of the policy the Grain Growers' Associations in Western Canada have advocated than The Grain Growers' Guide, and this outspokenness in the past in attacking interests that were unduly burdening agriculture in Western Canada has made for it, as might naturally be expected, a number of enemies.

The source of revenue for any newspaper is twofold:—(1) From subscriptions; (2) From advertising.

Experience has shown that it costs, at any rate in the early years of the development of a newspaper, almost the amount of its subscription price to get the subscription, and while because of the enthusiasm of the farmers of Western Canada in its support, the pathway of The Guide has been a little easier in this respect than other journals, nevertheless in a very marked degree it is true of The Guide also. It certainly should not be the case, but the fact remains that it is. Our experience has shown that it is only by constant reminders to subscribers that they will remit their subscriptions and very often even then a commission has to be paid to an agent to secure them. In many cases where subscriptions have lapsed and been cut off, indignant letters have come in from the subscribers. This laxity in attending promptly to expiring subscriptions does not arise from the fact that the said subscribers do not wish to have The Guide, but more

from a laxity often found in the business habits of farmers in failing to attend to a matter of this kind at the proper time. They leave it to a more convenient season and forget about it.

The other source of revenue, and by far the greater source, for any newspaper comes from its advertising, and it is worth while to again remind our shareholders that the policies advocated by The Guide have unquestionably in the past antagonized a section of business interests, the members of which are usually among the largest advertisers. Every subscriber to The Guide and every shareholder in this Company should get that fact clearly into his mind.

Now, while there was a profit on the job printing end of the business, it was not sufficient to meet the loss on The Guide end of it by the amount that I have stated above. Your directors have no doubt whatever that before many years it will be upon a paying basis and will probably give a fair return on our investment in it. In the meantime, however, it is unremunerative.

Reference might be made to another fact, and that is there is no paper today, in Western Canada at least, that is as careful of the class of advertising it accepts as is The Grain Growers' Guide. No liquor advertising and no advertising whatever of that class of patent medicines that exploit the public is permitted in its columns. The loss of revenue by this decision on its part to keep its advertising columns clean has not fallen short of \$10,000 a year. I mention this merely to emphasize the fact that each of our shareholders can do a great deal without any effort to himself to make up the revenue The Guide has lost by the policy it has followed. The Company has 16,000 shareholders in the three Prairie Provinces. If each shareholder would secure, say two subscribers, in addition to his own subscription, for The Guide and send the money in free of cost, it would change what has been a loss each year into a very nice surplus. Now it seems to

your Directors that this would cost each individual shareholder very little effort, and we trust that each of you when you reach home or when you read this report will at once act upon the suggestion.

Export Business

At our Annual Meeting a year ago your Directors reported that the business of the Grain Growers' Export Company had been re-organized and started again under new management. The result of the year's operations in this Company have been very satisfactory. Up to the close of navigation a year ago the Export Company confined its activities to exporting Canadian grain. Owing to the reduced yield of last year's crop and the fact that almost all of it had been shipped out before the close of navigation, it was a certainty that very little business would be done in our Canadian grain until another crop was marketed. Under these circumstances the Managing Director of the Export Company suggested going to New York and opening an office temporarily there with the intention of carrying on some business in the export of American grain. Since we had secured a satisfactory line of credit from a New York bank, the Directors of the Export Company—the majority of whom are Directors of The Grain Growers' Grain Company—concurred in his view, and shortly after the New Year we commenced operations there.

The total volume of business handled by the Export Company to the 31st August last was slightly in excess of 45 million bushels. Of this between 38 and 39 million bushels was United States grain. This large volume of business was made possible through the very favorable line of bank credit the Company secured.

The result of the year's operations showed a profit, after making careful provision for any contingencies that might possibly arise, of \$530,000, and your Directors think it is a matter for congratulation that the portion of this belonging to The Grain Growers'

Grain Company was considerably in excess of the loss the Company sustained three years ago. It has been a matter of some pride to the Directors, and should be to our shareholders also, that by far the greater part of this profit was made from exporting United States grain with a line of credit secured from a New York bank.

Owing to the exceptional risk brought about by conditions arising out of the war, it was necessary to work on much wider margins than usually govern, and the result in this field in a trying year is a splendid testimony to the ability of the Managing Director.

As the season advanced it was thought desirable to make our office in New York more of a permanent character. The Managing Director of the Export Company spends practically all his time now in New York, as our Canadian business can be more effectively handled from there than in Winnipeg, since it places him in much closer touch with ocean freights, shipping and foreign exchange conditions than he would be if located in Winnipeg. We expect the results of the present year's operations will also be satisfactory.

Balance Sheet

As in other years, the Profit and Loss statement and Balance Sheet will be placed before you for your consideration. An examination of it shows a substantial and continued improvement in the Company's position.

Dealing with the Profit and Loss side of the statement first, we find that after deducting all expenses and charges the profits for the year are \$226,963.08, by far the best showing made by the Company in any year of its history.

In considering the financial statement you will perhaps get a more intelligent view of it, if we deal for a moment with the result of The Grain Growers' Export Company for the year, which has had an

important bearing upon the result from the operations of The Grain Growers' Grain Company. I have mentioned to you already that the profit in the Export Company was a little over \$531,000. The Directors of the Export Company declared a cash dividend of 15 per cent., which was done and the same paid. As we had \$50,000 of an investment in the Export Company, we received from this in cash \$7,500. In addition to the declaration of a cash dividend, they declared a stock dividend of 150 per cent., which on the stock we hold in the Export Company amounted to \$75,000 and which quite properly came into the profits of The Grain Growers' Grain Company for the current year. We thus received from this source \$82,500. It might be worth while just here to point out, that leaving out of consideration this amount, the profit of The Grain Growers' Grain Company for the past year was \$144,463.08, or about \$7,000 under that of last year. When we take into account that the volume of grain handled in the past season, owing to the smaller crop of last year, was only 18,800,000 bushels as against 29,900,000 in the previous year, you can readily see that the earning ability of the Company improved considerably over the preceding year. By better management we were able to reduce expenses over all from \$716,000 to \$650,000, or a saving of about \$66,000. This was possible, partially through the decreased volume of business, but only partially on this account. While this reduction has been made, it has not been done at the expense of efficiency, as the efficiency of the office has never been as high in its history as during the past year. The Directors feel it is a matter of satisfaction that this reduction in running expenditure could be secured and at the same time the efficiency of the office increased. In this respect it is but right to state that a great deal of the credit for this is due to the Superintendents of our different departments and also to our Manager who supervises their work.

In the Profit and Loss Account you will find the expenditure grouped under practically the same headings as last year. These will be dealt with more particularly when you have the accounts under consideration at a later period in this meeting.

The profit of \$226,963 remains after providing \$8,000 in grants as follows:—\$1,500 each to the Associations of Manitoba, Saskatchewan and Alberta; \$500 to the United Farmers of Ontario, who are struggling hard to get a strong farmers' organization in that Province; and \$3,000 to The Guide.

Turning to the statement of Assets and Liabilities, we find that the total assets of the Company have increased from \$1,531,782 last year to \$1,619,342 in the present year, or an increase of about \$88,000.

There has also been a satisfactory increase in the capital stock of the Company considering the year we have passed through. The total subscribed capital now stands at \$1,199,400. The increase in the paid-up capital has been \$96,015, somewhat less than the increase in the previous year, but satisfactory considering the conditions we have passed through and the poor crop of a year ago. The paid-up capital of the Company now stands at \$867,422. Our reserves a year ago stood at \$200,000 and \$15,000 in a special reserve. This special reserve was to provide against depreciation in the value of an apartment block which the Company owns in the City of St. Boniface. Owing to decreased earning power, as a result of a general reduction in rents, it was thought wise to make this reserve a year ago. The amount has since been written off this property and consequently this special reserve now disappears.

Out of the profits of \$226,000 for the present year the Directors have set aside \$80,000 for dividend account and have increased the general reserve to \$340,000, leaving a balance to carry forward to next year at the credit of Profit and Loss of \$7,156.73.

The comparative statement attached to the Profit and Loss Account gives a very fair indication of the growth of the business from year to year. A study of the growth of the Company since the commencement of its operations nine years ago supplies some interesting information.

The total volume of grain handled since the Company commenced business has been 156,642,904 bushels.

The total profits earned by the Company have been \$915,936.64.

The total grants given for educational work to The Grain Growers' Guide and to the Grain Growers' Associations amounts to \$60,200.

The fact that the Company can show the position it does to-day, after the trying experiences it passed through a few years ago, should be a matter of satisfaction to the shareholders. It should be pointed out also that there is in the Export Company, after the dividends mentioned were paid, a surplus left of \$368,000, half of which belongs to the stock held by The Grain Growers' Grain Company in the Export Company. We therefore have in this a further reserve of over \$183,000, which is not shown in our balance sheet. The Directors thought it advisable to let this remain in this position, although it might quite properly have been brought in to the balance sheet of The Grain Growers' Grain Company. It is thus, as it were, an undisclosed reserve.

There are one or two observations of a general character that might be made in connection with the Company's Balance Sheet. The criticism has been frequently directed against the Company that it had invested too much of its money in outside enterprises, such, for instance, as our Lombard Street property, in our timber holdings in Northern British Columbia and also in the Public Press which prints The Grain Growers' Guide. These criticisms have even been made by shareholders in the Company, whom I believe

have made statements reflecting upon their value. It can properly be said that the criticism is well directed in the sense that these investments have as yet made practically no return to the Company. The aspect of the criticism, however, that raises the point that they are not worth their face value is not warranted. An independent valuation of our Lombard Street property secured a few years ago placed its value considerably higher than it stands at in our books to-day. As to our timber holdings in Northern British Columbia, this will probably prove one of the best assets the Company has.

It is also quite true that our investment in the Public Press and The Grain Growers' Guide has as yet made no direct monetary return. The Directors have every confidence, however, as already stated, that in a few years time this will change, and even if it did not, there are probably not many of our shareholders or very many members of the Grain Growers' Associations in Western Canada who hold the view that the money invested to make possible the establishment of The Grain Growers' Guide was mis-spent.

I would draw your attention to this, that since the date of its inception to the present time the accumulation or making of profits has never been the primary consideration of the Company. Its policy up to the present has been shaped from the viewpoint of improving and making less burdensome the conditions surrounding farm life in Western Canada, and it was considerations of this nature that largely influenced the Directors of the Company in the past in making several of the investments they did of the Company's funds. Had the Company been managed from the viewpoint purely and solely of making money, it could unquestionably very largely have increased the volume of profits made. At the same time the policy of the Company for the next few years at least should be very clear, and that is no further investments be made unless they be of an absolutely liquid and remunerative character. Our aim should be to accumu-

late a substantial cash reserve. There is every reason for thinking that the extension of the Company's business in the next five years will be very considerable. This means that larger sums of money will require to be borrowed to carry on the business, and the position of the Company as a borrower is vastly improved if it controls a good substantial liquid reserve, either in cash or in securities that can be readily converted into cash should the occasion arise.

Alberta Co-operative Elevator Company

As the shareholders are aware, this Company has assisted the Alberta Co-operative Elevator Company since it commenced business slightly over two years ago, by way of providing finances for handling its grain, and have also acted as its selling agents in Winnipeg. This Company for its year closing 31st July last showed a profit of over \$26,000. At the end of our business year the amount owing to us by the Alberta Company was \$87,781.30, against which they had stocks of grain and flour, etc., in excess of this figure. In addition, we had as indirect security several hundred thousand dollars of subscribed but unpaid stock. The Alberta Company is not in a strong enough position to secure a line of credit for its business upon its own standing, and since the Alberta Government did not desire to lend the credit of the Province for the purpose of financing the business of the Company, as has been done by the Saskatchewan Government for the Saskatchewan Co-operative Elevator Company, it would have been necessary for the Alberta Company, had its Directors not been able to make an arrangement with us, to have gone to some outside grain firm in order to get the financial accommodation necessary to carry on its business. This was naturally objectionable for several reasons, and consequently after full consideration your Directors thought it was advisable to assist them in the way we have done.

Finances

The Directors of the Company were able last season to secure all the money they required for carrying on its business, and considering the exceptional conditions arising out of the war, we were fortunate in this respect. This year your Directors anticipate no difficulty in finding the necessary money to carry on the business, even though the volume of grain to be handled is more than double that of last year. The action of the Dominion Government in providing additional money against grain securities for moving the crop is to be entirely commended. In this respect it is really performing the function of a re-discounting bank for all the other banks. It is a new departure and one which should work out satisfactorily. There seems no good reason why it should not be applied each year in the movement of our crops, even after the extraordinary conditions we are passing through have passed away. It is surely much better for the money to be provided in this way and have the interest earned by the Government upon it remain in the country than to borrow largely from sources outside Canada, as has been done in the past.

Livestock Commission Branch

During the past year we have received from individuals, from the Livestock Breeders' Association and from Grain Growers' Associations requests to open up a Livestock Commission Branch for the handling of livestock on commission. During the summer a committee of the Directors was appointed to investigate this matter thoroughly, and after consultation with a committee of the Livestock Breeders' Association and the Executive of the Saskatchewan Grain Growers' Association they brought in a recommendation to the Board of Directors that a department for this work should be opened at the earliest possible date. It may therefore be of interest to you to know that in accord-

ance with present plans this will be undertaken next February or March with a view to getting thoroughly organized to handle this line of business next season. There is some reason for thinking that the conditions under which our livestock is sold to-day is, if anything, rather worse than the conditions under which our grain was sold ten years ago. The development of the livestock industry in Western Canada is very essential to the success of agriculture. At the same time it is well to recognize that in entering this department of business we will probably find many obstacles and difficulties that will be even greater than those encountered in building up the grain end of our business. Such a branch will probably not prove profitable for the first year or so.

Amendments to Charter

You will recall that at the last Annual Meeting a resolution was submitted to the shareholders and passed by them authorizing the Directors to secure certain amendments to the charter of the Company. These amendments were secured at the last session of Parliament. This was necessary as the charter of the Company is granted direct by special act of the Parliament of Canada. The substance of these amendments is:—

1—The Company is given power to sell shares of its capital stock without limit as to number to any Company or Society, whether now or hereinafter to be incorporated, if such Company is authorized to carry on any business which The Grain Growers' Grain Company is authorized to carry on, and subject to the powers of any such Company or Society, upon consent by resolution of the Directors of The Grain Growers' Grain Company Limited first being obtained—which consent the Directors are authorized to give—may acquire and hold any number of shares in the capital stock of the Company, and such Company or Society shall have at all meetings of The Grain

Growers' Grain Company Limited a vote for each share held by it in the capital stock of the Company.

2—The Company may take or otherwise acquire and hold shares in any Company or Society, whether now or hereafter to be incorporated, if such Company or Society is authorized to carry on any business which The Grain Growers' Grain Company is authorized to carry on, and may pay for the same in cash or in fully paid up shares of the Company, or partly in cash and partly in fully paid up shares in the Company, and may sell or otherwise deal in such shares.

3—The objects and powers of the Company are increased by the additional power to carry on the business of a general storekeeper in all its branches, both wholesale and retail.

4—In the old charter of the Company power was given to acquire or undertake the whole or any part of the business, property and liabilities of any person or Company carrying on any business which the Company is authorized to carry on or possessed of property suitable for the purposes of the Company, and there has been added to this clause the words:—

“And may pay for the same wholly or partly by cash or wholly or partly in fully paid up shares or debentures of the Company, or otherwise.”

5—Under our original charter the Company have power to “advance money to customers of the Company, notwithstanding the provision of section 167 of the Companies Act, provided that in no case shall a sum exceeding \$10,000 be advanced to a Director of the Company.” This has been amended by adding the words:—

“And may also guarantee the performance of contracts by any such customers.”

Sub-section 2, section 17, relating to dividends in the original charter read as follows:—

“The Company may at an Annual General Meeting of the Company, on resolution adopted

by a vote of the shareholders present or represented by proxy at such meeting, order that when the profits of the Company in any year show a surplus after providing such rate of dividend as may be declared by the Company on the par value of the subscribed capital of the Company and any sum set apart by the Directors as or towards a reserve fund, the said surplus shall be distributed among the shareholders of and customers of and any other persons having dealings with the Company upon such basis and in such proportions as may be set out in said resolution; provided, however, that notice of the said resolution shall be mailed or delivered to the shareholders of the Company at the same time that notice of the date of such Annual General Meeting of the Company is mailed or delivered to the Company's shareholders."

This has been repealed, and the following is substituted therefor:—

"The Company may at any Annual General Meeting of the Company, on resolution adopted by a vote of the shareholders present or represented by proxy at such meeting, order that when the profits of the Company in any year show a surplus after providing such rate of dividend as may be declared by the Company on the par value of the subscribed capital of the Company and any sum set apart by the Directors as or towards a reserve fund, the said surplus shall be distributed among the shareholders and customers of the Company upon such basis and in such proportions as may be set out in the said resolution; provided, however, that notice of the said resolution shall be mailed or delivered to the shareholders of the Company at the same time that notice of the date of such Annual General Meeting of the Company is mailed or delivered to the Company's shareholders."

Under this resolution we are advised that the shareholders have power to distribute the profits of the Company in any way they see fit, as, for instance, partly on the stock invested and partly on the business contributed, the latter being what is usually termed the truly co-operative plan. Before making such a distribution, however, notice of the resolution giving it effect must be given to all the shareholders, and then be approved by them at a regularly called shareholders' meeting.

General Observations

A little less than a year ago the Executive opened what might be called a statistical and publicity branch in the office, the work of which would consist in gathering information from the records of the Company as to the sources from which its business comes, and also keeping matters of interest to the shareholders before them by way of a bulletin service or otherwise.

It will be of interest to you to know that the total number of shareholders in the Company at the 31st August last was 16,773. Of these 8,034 were in Manitoba, 6,764 in Saskatchewan, 582 in Alberta and 663 in British Columbia. Those remaining might be classed under the heading of miscellaneous location. Quite a large number of the shareholders living in British Columbia acquired their stock when resident in Manitoba or Saskatchewan, having since removed to this Province.

An analysis of the support the shareholders have given the Company is rather interesting. It might be well to point out here that a considerable number of shareholders of the Company in the Province of Saskatchewan have become identified with and are shareholders in the Saskatchewan Co-operative Elevator Co. From these we have practically ceased to receive grain. The same is true to a much more limited extent in the Province of Alberta. At the same time, as far as we can gather from our records, a large number

of our shareholders have never at any time sent grain to the Company, and the question very properly comes up whether or not these shareholders are treating their Company fairly in drawing a 10 per cent. dividend upon their stock when they could send grain to the Company and thus help to earn it, but do not do so. This lack of support of the Company by many of its shareholders can not be attributed to dissatisfaction with the management. The proof of this rests in the fact that they have never at any time given their support by way of shipping grain. At the same time the shareholders who have supported the Company, as far as our records disclose, have supported it quite consistently.

In viewing the work of the Company and the difficult experiences of the past nine years, I would like to think—and I know there are a great many shareholders who hold the same view—that we were building an institution which the longer it lived and the broader its business grew the more solidly it would be established. Almost without exception in giving what time and energy they have given to the work of the Company, the Directors have been animated by the desire to build something that would be permanent and lasting. It seems necessary in some way to bring about a change that will bring the individual shareholder much closer to the Company, cement his interest in it and increase in him his sense of individual responsibility, since personal interest and a sense of individual responsibility are the only foundations upon which a permanent structure can be built. It is unquestionably a weakness in a great many of our farmers in Western Canada that they do not feel the importance of devoting attention and thought, that after all costs them very little, to the business of building up their own institutions. The unfortunate tendency is far too prevalent to leave this responsibility to others. We may as well be frank about it and say that there are thousands of farmers and among them a great many of our shareholders who are willing to reap the

benefits their own organizations are bringing to them without exerting themselves in the slightest in their behalf. It is not due to the fact that their sympathy is not with their organizations, but usually to a lack of thought that leads them to leave the work to others. It is possible, perhaps, that a way to improve this may be found through the amendments secured to the Company's charter at the last session of the Dominion Parliament, by way possibly of organized local groups of shareholders and through this means draw them closer to the Company.

In this connection it might be well to point out that the future of the Company is bound up very largely with the future of the other farmers' organizations in Western Canada. The conviction is steadily growing in the minds of those who might be termed the leaders of the various organizations that some step must be taken to draw them more closely together in such a way and by such means as will tend steadily with the passing of time to weave into the very fibre of these organizations the elements that will lead to increased stability as their various enterprises and activities expand and develop.

The question as to the best means by which this can be brought about is unquestionably the most important as it is in many respects the most difficult one that has ever come before our consideration. This matter has been under consideration since our last Annual Meeting. No one need suppose that the heads of the various organizations do not realize the importance of this subject. While the working of it out calls for a display of the biggest kind of statesmanship, it is not, if approached in the proper spirit, an impossible thing by any means. What a splendid thing it would be to have all our farmers' organizations drawn together in such a way that they would be a strength and support to each other, rather than, as they are at present, with their possibility of developing strifes and rivalries and jealousies. I am convinced of this fact, that if

an expression of opinion could be secured from the individual members of the organizations, no matter where they are, such an expression would be overwhelmingly in favor of such a plan. The Directors of the Company have no specific plan to place before you in this connection, but I think it would not be inopportune to secure an expression of opinion from the shareholders present as to whether or not they would favor action in this direction.

In conclusion, I would urge once more upon the shareholders of the Company—those who are present at this meeting and those who may not be present, but who will read this report—that you have a very clear-cut and distinct responsibility in supporting not only this Company with which you have become identified, but the whole movement of the organized farmers in Western Canada, for this means that you are improving not alone your own environment and condition, but also creating the conditions and influences that will develop a higher and purer ideal of public service upon the part of our people than we have in Canada to-day. It should be a matter of great satisfaction that upon all important matters the policies adopted and supported by the organized farmers in the past have been formed upon what in their judgment would benefit the country as a whole and not from the narrow view of selfish interest. This was never more strikingly clear than when a few years ago, in connection with the agitation that Tariff Reformers in Great Britain were endeavoring to work up in the Old Land in support of preferential treatment to the Overseas Dominions in the importation of grain into Great Britain as against the importation from foreign countries, the farmers of Western Canada unanimously expressed the view that they did not desire the introduction of such a measure, which, while it might mean an additional price for their grain, would nevertheless give it to them at the expense of the British working man through the increased price he would have to pay for his food.

Again, in their outlook on the present unhappy struggle which as the months pass is being waged more fiercely than ever in Europe, the attitude of the organized farmers toward it stands far above that of many others in Canada. The Executive of this Company a few days ago gave a grant of \$2,000 to the Red Cross Fund in order that we might in some little degree provide some of the things needful for that splendid organization, in the noble work it is doing. Our farmers individually and by Associations have through the proceeds of Patriotic Acres and in cash donations responded splendidly to the various appeals for help. We have had throughout Canada in the past year revelations in the administration of our public affairs that must make all thoughtful men pause and think. The realization of the fact that we have in Canada to-day in the responsible business life of the country not hundreds, but apparently thousands of individuals—some of them in high places—who are willing to turn the opportunities arising out of the war to their own sordid advantage gives one a sickening sense of shame. What we need in this country more than anything else is a public conscience on the part of the individual citizens that will demand from those whom we send to represent us in the Halls of Parliament a higher and purer conception of the duty entrusted to them in representing the people and a faithful discharge of that duty. In the high work of promoting this I know of no force in Canada to-day that promises so much for the purifying and elevating of our public life as the farmers' organizations of the Dominion, and it should be the constant aim of every one of us to see that no opportunity is lost and to take advantage of every opportunity that offers to foster and develop in our own organizations a higher sense of public duty that will be bound to have its effect in the influences surrounding the public life of the country.

Balance Sheet on page 38

Remarks by Shareholders' Auditor

(ABBREVIATED)

To the Shareholders of The Grain Growers' Grain Co. Ltd.

I respectfully submit to the shareholders the following explanatory notes respecting the Financial Statement of the Company for the year ending 31st August, 1915. Owing to limited space and the ever widening activities of our Company, these remarks must necessarily be brief. However, when read carefully in connection with the Annual Financial Statement and the President's address, published herewith, any shareholder may readily become generally informed as to the business operations of the Company for the past year. Should any shareholder desire further information, that can be obtained upon application to the Secretary of the Company.

VOLUME OF BUSINESS—The total receipts of farmers' grain through the Winnipeg office were contained in 14,694 cars, viz. —Wheat, 11,807; oats, 1,969; barley, 717; and flax, 201 cars, to which is to be added 162 cars of seed and feed grain, handled locally through Calgary office. Owing to the short crop of 1914 the volume of grain handled was considerably smaller than in the previous year, yet it is assuring that of the total volume of grain inspected in the Western Grain Inspection Division, our Company handled 11.4 per cent. last year as compared with 10.6 per cent. the preceding year.

ALLOTMENT OF STOCK—On August 31st, 1915, the total number of shares of Capital Stock standing allotted is shown to be 47,976 shares held by 16,773 shareholders, an increase for the year of 5,499 shares and of 1,365 shareholders. Likewise the subscribed capital has increased from \$1,061,925 to \$1,199,400, and the paid up capital from \$771,407.35 to \$867,422.09.

Balance Sheet as at 31st August, 1915

ASSETS	
Investments	\$1,148,537 25
Stocks and Shares and Grain Exchange Seats	\$ 537,335 26
Real Estate—City Property	362,687 51
Elevator Buildings, Machinery, Equipment, etc.	248,514 48
	<u>\$1,148,537 25</u>
Advances on Bills of Lading and other Debts due to the Company	365,767 12
After making provision for Bad and Doubtful Debts.	
Stocks of Grain, Machinery, etc.	59,802 44
In terms of approved Inventories	
Miscellaneous Supplies and Accruals	22,337 10
Funds in Bank and on Hand	2,956 28
Furniture and Fixtures, etc.	19,942 08
LIABILITIES	
Accounts and Bills Payable	\$ 324,763.45
Capital Stock	867,422 09
Amount Subscribed	\$1,199,400 00
Less Amount Unpaid	331,977 91
	<u>\$ 867,422 09</u>
Dividend Account	80,000 00
Provision for dividend at the rate of 10 per cent. per annum.	
Reserve Account	340,000 00
Profit and Loss Account	7,156 73
Amount at credit thereof, as per separate statement	\$ 226,963 08
Disposed of:	
In providing dividend for the year at the rate of 10% per annum	\$ 80,000 00
In transferring to Reserve	139,806 35
	<u>219,806 35</u>
	<u>\$ 7,156.73</u>
	<u><u>\$1,619,342.27</u> <u>\$1,619,342 27</u></u>

Certified correct.

Winnipeg, 13th October, 1915

JOHN SCOTT, C.A. }
W. H. BEWELL } Auditors

Profit and Loss Account for 12 Months ending 31st August, 1915

1915	
Aug. 31. By Grain and Merchandise Accounts	\$781,864 42
Commissions, Elevation, Storage, Screenings, Twine, Machinery, etc.	
" Dividends on Stocks and Shares	98,571 60
To Salaries and Wages	\$262,925 30
Wages at Line and Terminal Elevators, Office Salaries, Buyers' Salaries and Expenses, Travellers' Salaries, etc., etc.	
" Rent and Power at Elevators	166,744 00
Manitoba and Terminal Elevators.	
" General Expenses	180,590 49
Inclusive of Line and Terminal Elevator Expense.	
" Interest	27,644 11
" Depreciation	7,422 32
" Bad Debts	5,322 28
	<u>\$650,649 10</u>
" Balance Carried Down	229,786 92
	<u>\$880,436 02</u>
1915	\$880,436 02
Aug. 31. By Balance brought down	\$229,786 92
From which has to be deducted:	
Premiums on Stock Sold	\$27,700 00
Less Organization Expenses	18,953 27
	<u>\$ 8,746 73</u>
Amount carried forward at credit of Profit and Loss Account at 31st August, 1914	\$ 8,615 73
Deduct Sundry amounts chargeable thereto, including \$8,000 of Grants to Associations	20,186 30
	<u>11,570 57</u>
	<u>2,823 84</u>
	<u>\$226,963 08</u>

JOHN SCOTT, C.A. }
W. H. BEWELL } Auditors

Winnipeg, 13th October, 1915.

PROFIT AND LOSS ACCOUNT—Revenue, \$880-436.02. Under the sub-headings “By Grain and Merchandise Accounts” and “By Dividends on Stocks and Shares” is shown the revenue of the year from the various departments and operations of the Company.

GRAIN AND MERCHANDISE ACCOUNTS: \$781,865.42—This amount indicates the sum of the revenues of the several operating departments, namely, Commission, Line Elevator, Terminal “B,” Terminal “H,” Co-operative, including Machinery, and the Calgary office. Among the chief sources of revenue being Grain Account (Track and Elevator Purchases), Commissions, Storage, Clearing Charges, Elevation, Screenings, etc., in the grain handling departments, and Flour, Lumber, Coal, Apples, Fence Posts, Fence Wire, Twine, Machinery, etc., in the co-operative department.

DIVIDENDS ON STOCKS AND SHARES: \$98,571.60—This indicates the revenue derived from dividends on Home Bank, Grain Growers’ Export Company and other stocks and shares, from rentals on various properties, and from interest applicable on Investment Account, and being added to the amount under “Grain and Merchandise Account” gives \$880,431.02, the total revenue from these several sources, from which must be provided the total expenditure in conducting the business of the Company in its many departments and operations.

EXPENDITURE (SALARIES AND WAGES): \$262,925.30—This includes salaries and wages paid in all departments and in the Calgary office, also buyers’, track buyers’ and travellers’ expenses in the Elevator, Commission and Co-operative Departments. As compared with the preceding year this item shows a material decrease.

RENT AND POWER AT ELEVATORS: \$166,744.60—This embraces rental of Line Elevators and Terminal Elevators and the cost of power supplied to run these several houses.

GENERAL EXPENSES: \$180,590.49—This includes Line and Terminal Elevator expenses, comprising elevator equipment, supplies, taxes, insurance, repairs, registration, inspection, etc.; it also includes all the other office and operating expenses in all departments, the principal items being office supplies, office furniture and fixtures, rent and light, advertising, insurance, postage, brokerage, telegraph and telephone charges, legal expenses, auditors' fees, directors' fees and expenses, warehouse expenses, travelling expenses, expressage, sampling, war taxes, engine and machinery demonstrations, switching charges, freight and cartage, donations to charity and to philanthropic institutions, etc., deemed worthy of support, and numerous other minor items of expenditure, such as charter expenses, business tax, Grain Exchange fees and dues, market news, cost of bonding officers of the Company, cost of bonding commission merchants and track buyers, printing president's address and auditors' report for 1914, printing and mailing daily price lists, subscriptions to commercial journals for office use, licenses, caretaking, etc., etc. This item of expenditure shows a material reduction as compared with the preceding year.

INTEREST: \$27,644.11—This indicates the balance of interest paid in operations of the Company's business.

DEPRECIATION: \$7,422.32—This amount indicates the depreciation allowed, principally upon elevator buildings.

BAD DEBTS: \$5,322.28—This is the amount that was written off during the year on bad debts account.

TOTAL EXPENDITURE: \$650,649.10—The expenditure for the year, therefore, was \$650,649.10, a

decrease of \$65,407.94 as compared with the preceding year. Deducting this total expenditure from the total revenue given above leaves \$229,786.92 as the profits on the year's operations.

ORGANIZATION, EDUCATION, UNDIVIDED PROFITS—That funds arising from premiums on capital stock sold should provide for organization and educational expenditure having been approved, deduct from \$27,700, stock premium receipts, the organization expenditure, \$18,953.27, and also the educational expenditure, \$8,000 in grants to the Grain Growers' Associations of Manitoba and Saskatchewan and the United Farmers of Alberta and Ontario, and to The Grain Growers' Guide, there remains a balance of \$746.73. This amount added to \$8,615.73, the balance carried over in open Profit and Loss Account, 31st August, 1914, gives a total of \$9,362.46. Against this there were payments during this year deemed properly chargeable to the preceding year amounting to \$12,186.30, an excess of \$2,823.84, which being deducted from the profits of the year leaves \$226,963.08 as the net undivided profits on 31st August, 1915.

ASSETS, INVESTMENTS: \$1,148,537.25 — The assets of the Company on 31st August, 1915, amounted to \$1,619,342.27, an increase of \$87,560.22 for the year. Of the total assets \$1,148,537.25 appear under Investments and include our investments in Home Bank stock and in the stock of the Western Farmers' Lumber Company, Public Press Limited, Grain Growers' Export Company, Traders' Building Association, Winnipeg Grain and Produce Clearing Association, Grain Growers' B.C. Agency and Grain Exchange Seats in Winnipeg, Fort William, Calgary and Vancouver, a total of \$537,335.26. Also investments in real estate, city property as follows: Lombard Street, Burnell Street, St. Boniface Lots, Horace Court, St. Boniface, a total of \$362,687.51, and in elevators and mis-

cellaneous investments \$248,514.48, including Terminal "H," Fort William, country elevators, flour warehouses, plant and machinery in Terminal "B" and minor miscellaneous investments.

ADVANCES, Etc.: \$365,767.12—The advances are to shippers of grain on bills of lading through the Elevator and Commission Departments and to our Calgary office and will be returned to the Company as sales are made and settlements effected. Other debts due to the Company comprise open accounts and bills receivable after making provision for possible bad debts.

STOCKS OF GRAIN, MACHINERY, Etc.: \$59,802.44—The chief items comprising this amount are stocks of grain in line elevator and supplies in co-operative (machinery section) departments, with small amounts in other departments.

MISCELLANEOUS ASSETS: \$22,337.10—This amount is made up of accrued dividends and rentals, line elevator equipment, such as gasoline drums, gasoline on hand, etc., accrued interest, office supplies on hand, etc., etc., in various departments.

FUNDS IN BANK AND ON HAND: \$2,956.28—This is an asset in contrast with a liability (bank overdraft) of \$109,593.74 in our statement a year ago.

OFFICE FURNITURE AND FIXTURES, Etc.: \$19,942.08—This indicates the value of the office furniture and fixtures in use by the several departments of the Company, after allowing for depreciation.

LIABILITIES: Accounts and Bills Payable, \$324,763.45—This amount represents the total of the open accounts and bills payable, due or maturing at the close of the year by our different departments.

CAPITAL STOCK, Paid Up: \$867,422.09—Paid up Capital Stock as also "Dividend Account," "Reserve

Account" and balance in open "Profit and Loss Account," a total of \$1,294,578.82, form liabilities only to shareholders of the Company. Paid up Capital Stock shows an increase of \$96,014.74 during the year.

DIVIDEND ACCOUNT: \$80,000—This is a close estimate of the amount required to pay the dividend of 10 per cent. on the paid up Capital Stock of the Company for the year ending August 31st, 1915, as declared by the Board of Directors and approved by the Annual Meeting. This dividend being charged against the profits of the year but not yet paid is here included in the liabilities. When the exact amount necessary to pay such dividend has been computed the difference between the actual amount and the above estimate will be added to or deducted from the open Profit and Loss Account, as the case may be.

RESERVE ACCOUNT: \$340,000—A year ago our general reserve was \$200,000, with a special reserve of \$15,000. Of this special reserve \$14,806.35 was used in depreciation upon Horace Court, an apartment block in St. Boniface, leaving a balance of \$193.65. \$139,806.35 has been transferred from the profits of the year to the Reserve Account, as has also the Special Reserve balance of \$193.65, making an addition of \$140,000 and bringing the Reserve Account to \$340,000.

PROFIT AND LOSS ACCOUNT: Credit \$226,963.08—This amount, as previously stated, indicates the undivided profits at the close of the year's business, and, by approval of the Annual Meeting, has been disposed of as indicated, viz.:—

Transferred to Reserve Account	\$139,806.35
Applied on Dividend declared (estimate)	80,000 00
Balance in open Profit and Loss Account	7,156 73

Total, as shown above.....	\$226,963 08
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VARIOUS ENTERPRISES—As the President in his address, endorsed by the Board of Directors and approved by the shareholders in Annual Meeting, has gone very fully into the operations and outlook of our several departments and enterprises, it is not necessary nor desirable that I should refer to them at length. Suffice it to say that each of these is being utilized vigorously with a view to the welfare of the members and patrons of the Company and incidentally for the benefit of our people generally. The machinery section of our Co-operative Department opened in 1914 and designed to supply at lowest cash prices a full line of good farm machinery, implements, vehicles, etc., has completed its first year's operations. Owing to organization expenses incidental to the opening of a new business, and the almost universal shrinkage in business operations, except in military supplies and munitions of war, the volume of business in this section and the results therefrom have not been as large as hoped for. While this branch of our service has not yet shown a profit to the Company, its patrons express themselves as having reaped benefit from its operations. With the experience gained during the year, and the growing demand for the lines of goods supplied by this section at the prices quoted, it is confidently expected that in future the results of its operations will be satisfactory both to patrons and to the Company.

THE GRAIN GROWERS' GUIDE—Our Company from its early history has afforded practical aid and active co-operation in many directions conducive to farmers' interests. In none of these probably have its members taken greater satisfaction than in its financial aid towards the establishment and support of "The Grain Growers' Guide." This journal has faithfully maintained its position as the authoritative mouthpiece and consistent supporter of the platform of the organized farmers and deserves to receive a weekly welcome to every farmer's home in the Prairie Provinces.

Another year has passed. The Grain Growers' Grain Company Limited has pursued its way with activity, vigor, intelligence and success. Much has been done, much is yet to be done. To enlarge the scope of our Company's operations and usefulness requires power. That power can come only from increased capital and increased grain receipts. These can be furnished only by the farmers of the West, with whom, therefore, lies the possibility of the further development and expansion of our Company, its future usefulness and complete success.

RESPECTFULLY SUBMITTED,

W. H. BEWELL,

SHAREHOLDERS' AUDITOR.

ROSSER, Nov. 20TH, 1915.



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